

## **METHODOLOGICAL PRINCIPLES OF ASSESSING COMPETITION IN TRADE**

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### ***Abstract***

*In a modern market economy, characterized by the instability of the external and internal environment, it is objectively necessary to develop new approaches and mechanisms for the development of the retail trade. A high level of competitiveness is one of the main indicators of success of any economic entity. Competitiveness can be characterized as a very efficient ability of an enterprise to dominate the market for the production and sale of certain goods and services and its ability to suppress competition from other producers involved in similar activities. Retail competition, being one of the important components of the external environment, has a significant impact on business efficiency, profitability, and development strategy. Currently, the problems of assessing the level of competition in the retail trade in Moldova have not been sufficiently studied, the methodology for calculating the level of competition and the evaluation criteria have not been developed. The available techniques do not fully take into account the specificity of the operation of the retail business. It can be said that so far some progress has been made in assessing the competitiveness of products, and quite acceptable methods have been developed for assessing the competitiveness of identical products and services. The situation is more complicated with assessing the competitiveness of enterprises. In spite of the fact that certain measures have been taken and are still taken by economists in this direction, a universal and generally accepted method of integrated economic assessment of the competitiveness of enterprises in the sphere of trade has not yet been developed. For these reasons, the article describes several techniques for assessing the competitiveness of an economic entity in the sphere of trade, which will allow a qualitative analysis of specific competitive positions.*

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**Keywords:** retail, competition, relevant market, competition assessment

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### **1. Introduction**

Retail marketing differs from other sectors of the national economy, being subject to stronger competitive forces, due to the presence of a significant number of competitors. This fact is confirmed by the statistical data on the number of enterprises in the field of trade and can be explained by the low barriers to entry on this market. However, this market is a very complex one, being marked, on one side, by a large number of SMEs managing stores, but also by the existence of supermarket chains.

The retail trade market is a very dynamic one being characterized by the entry or exit from the market of some important players and the continuous change of leadership position change

leadership position continues. Retail upgrading enhances the level of comfort and consumer satisfaction, the development of new forms of commerce, especially online commerce, thus contributing to the growth of consumer welfare.

The retail sector, being the link between the producer and the consumer, operates in two markets: the purchasing market and the product sales market. This situation needs to be taken into account in the competition assessment process.

The assessment of competition in trade as well as in other sectors of the national economy is a systemic activity that is done in order to adopt appropriate behavior. Knowing the intensity of competition in a market is important both for the business environment, including potential investors, and for the public authorities that have the attribution of stimulating competition.

Research carried out by competition authorities and international competition organizations in the retail sector is largely devoted to defining the relevant market in the food retail sector, which is indeed a challenge because of its characteristics. In this respect it is necessary to mention the research conducted by Professor Paul W. Dobson for the OECD in 2015 [7].

A competition diagnosis based on the aggregate competitive pressure index was proposed by the Romanian Competition Council in 2012. The aggregate competitive pressure index was designed to show the extent to which the national industries analyzed are approaching an ideal situation that fully facilitates free competition but it does not measure (nor does it intend to measure) the intensity of effective competition in the markets that make up these industries.

According to the proposed methodology, the assessment of competition in trade is done in several stages, starting from the identification of the relevant market, competing enterprises and finalizing with the application of a set of indicators that would allow the appreciation of the competition barrier.

## **2. The degree of investigation of the problem at the moment, the purpose of the research**

Currently, the problems and tendencies for the development of the competition are insufficiently studied, which requires a deeper analysis of this field of activity. Researchers in the economic field have extensively studied the concept of competition, especially because of its importance for economic development. Competition is seen as the basis for promoting economic efficiency, innovation and growth, and financial stability is a prerequisite for sustainable economic development, avoiding financial crises being a desideratum for any economic system. However, competition involves elimination of market participants that do not meet market conditions, creating premises for financial instability. Under these conditions, economists of all times have tried to find a way of finding a balance between promoting competition in various fields of activity, including in the sphere of trade, and ensuring financial stability.

Thus, the role of competition in a market economy was analyzed, at different times, by P. Bouagilbert, L. Walras, D. Ricardo, A. Smith, F. Hayek, E. Chamberlin, J. Schumpeter. The theoretical and practical aspects of competitiveness at the level of economic entities, with different

levels of completeness, have been studied extensively in the works of scholars: I. Ansoff, P. D.I. Barkan, Doyle, P. Drucker, L. Cobzari, V. Carare, R. Kaplan, I. Maxim, G. Mintzberg, D. Norton, M. Porter, P. Sraffa, A. Thompson, J. Schumpeter and others.

But, despite a significant amount of work, a universal methodology has not yet been developed to assess the effectiveness of trade-related competition. For this reason, it was supposed to propose a methodology for assessing competition in trade.

### **3. Methods and materials applied**

Different research methods have been used in the research process, such as: systemic, normative, statistical, dynamic, as well as other research methods, such as: synthesis; economic analysis; induction and deduction, applied in the dialectics of knowledge of the researched issue. Other specific methods, tools and methods of economic investigation have been examined too, such as: statistical-economic comparison.

Also, in order to identify the main concepts presented in the paper, the results obtained in a series of publications and articles by the experts in the field were also used, which are an important source of arguments based on empirical data.

### **4. Results and discussions**

In some situations, determining the relevant market may be a simple activity, but not in the case of trade activity. Trade, as it is characterized in the literature [9, p. 39], is a complex sector of activity, structured in multiple interior domains, within which particular importance is given to the distribution of goods, their storage, wholesale supply, application of different modern forms of product marketing. Thus, the concept of trade has a complex content, determining an economic function consisting in buying raw materials or products to resell them, at the same physical stage, to consumers (finalists or intermediaries) under their required and convenient conditions [7, p. 35].

The starting point for this study is the delimitation of forms of commerce depending on the stage of movement of goods in the wholesale and retail trade. Due to the peculiarities of these forms of trade, they require a separate approach, although basic benchmarks may be common. In this paper, the evaluation of competition in the retail sector will be addressed.

As mentioned, trade activity is a complex one, and besides primary activity, to ensure the movement of goods from producer to consumer, there are a multitude of variables that allow differentiation of the entities participating in these relations, namely: the characteristic of the services rendered, the policy price range, product range, store size and location, etc.

Although commercial companies are very different, they compete for market resources and the level of competition between them affects consumer welfare. At the same time, competition can only take place within a relevant market consisting of the geographical dimension and the product market. Correspondingly, the correct identification of the relevant market is the first step and a mandatory requirement for competition assessment.

## **I. Identification of the relevant market in retail trade**

### *1.1. Product market*

According to the provisions of the Competition Law no. 183 of July 11, 2012 [11], the relevant product market covers all products considered by consumers as interchangeable or substitutable due to their use or their physical, functional and price characteristics.

Retail is characterized by the existing product markets: the downstream market and the upstream market. The retail sector is the main supplier of food for end consumers and, being the last link in the supply chain of these products, interacts directly with them. Important, in terms of consumer welfare, is the role the trade sector has in shaping final prices and at the same time in offering a wide range of associated goods and services. In addition, as a purchaser of goods and services, the retailer interacts with suppliers of food and non-food products, which leads to disruption of the distribution sector which negatively affects the entire food supply chain for end consumers, but also the economy as a whole [4, p. 49].

The upstream market, which traders act as buyers, is usually reduced to the goods purchased by the stores, appreciated by the experts in science of commodities as interchangeable or substitutable. In the case of the downstream market, the sale of products to final consumers, the situation is much more complicated. Taking into account that only the marketing of certain categories of goods requires authorization, virtually all traders could be considered as potential competitors. The development of modern commerce has led to the fact that determining the size of the product in the retail sector does not only refer to the type of goods sold (groceries, clothing, furniture, etc.) but must answer the question of how traders meet consumers' needs. Thus, the combination "**Price - Quality - Product - Service**" best characterizes the product market in retail.

#### *a. Price*

The pricing policy promoted by traders can be very varied. Although in most cases the company makes decisions on its own, in some aspects government intervention is felt, especially by regulating commercial additions to important social products. The pricing policy of a business may vary from low priced to high-priced products and supplementary services. At the same time, it is possible to find combinations, high prices for certain products and reduced prices for others or frequent promotions.

#### *b. Quality*

Quality refers to both the quality of the goods sold and the quality of the buyers' service, including the accessibility, convenience, ambiance and convenience of the store. A special role in providing quality commercial services belongs to sellers, who come in direct contact with buyers, and their professional skills are largely dependent on buyers' decision.

#### *c. Assortment*

The range of products reflects the sales policy of the commercial enterprise. The range of goods in commercial units is characterized by three basic dimensions: amplitude, width, depth [9, p. 381]. The formation of the goods assortment is a component part of the enterprise's commercial policy which allows the delimitation of these by other traders.

#### *d. Services*

The service component refers to a variety of issues including: store location (eg city center or suburbs), shop opening hours, convenience of location for buyers, parking, home delivery and other additional services such as café, pharmacy, dry cleaner, ATM, etc.

In order to assess the size of the relevant market, it is necessary that competing enterprises provide consumers with products which are regarded by consumers as interchangeable or substitutable. At the same time, the offer of goods from the same product line or the same brand by a trader will not necessarily be appreciated by the consumer as interchangeable or substitutable with the offer of another trader due to the factors "*Price - Quality - Assortment - Services*".

Taking into account the factors "*Price - Quality - Assortment - Services*" we can see that for consumers it is not enough that the traders offer the same good to substitute it. In the case of food purchases, it may be that consumers' needs differ from small shops to large shops. Large stores offer a complete service with a wide range of products to meet the needs of consumers, while small shops, although having a limited range of products, can only meet the current needs of consumers, but offer the convenience of location.

The same consumers can be part of different segments depending on their needs, but also it is possible to identify categories of loyal consumers to specialized stores in certain products (ecologic and organic products, products of certain origin, etc.)

Depending on the assortment policy, the trader may be specialized (limited range of products) or universal (wide assortment of products). A wide assortment of products is specific for supermarkets / hypermarkets that can sell food and non-food products (clothing, detergents, toys, etc., and petroleum products in some countries). In this case, the question arises as to what extent specialized stores compete (perceived as competitors) with universal stores. Although non-food products marketed by supermarkets / hypermarkets may be of minor importance to them, the assortment, size and coverage of the network would position them in the category of major sellers of such products, which would place them in the category of competitors from the point of view of consumers.

Trader's asymmetry at the level of specialization can also be reflected by the average shopping value (shopping basket). Supermarkets may compete with small retail stores (small baskets), but small stores can not compete with major shopping supermarkets (big baskets).

#### *1.2. The geographical dimension of the relevant market in trade*

The historical evolution of the trade system in the Republic of Moldova was influenced by the socio-economic changes, especially the transition from the centralized command system to the market economy. Thus, if previously there were two large trade structures, state trade and consumer co-operative trade, with the transition to the market economy, the trade system was fragmented, being dominated by private independent store operators. Specific for the current period is the development of retail chains (supermarkets) and the development of discounters (stores that focus on low-priced deals mainly applied to their own brands).

Stores that are part of the same network usually have a single trade policy that is characteristic of the entire territory where trade relationships are sufficiently homogeneous. Thus, the issue of

identifying the geographical area is important from the point of view of the competitive impact. The geographical dimension of the relevant retail market depends on the extent to which consumers are prepared to travel to make purchases, valued either as physical distance (kilometers) or in terms of travel time (walking or traveling by car).

Physical distances and journey time used to assess the geographic size of the relevant market may vary depending on the location and type of the store. If stores are concentrated in the city center, the geographic dimension may be the physical distance measured by walking. In the case of more scattered shops, the journey by car is considered.

Of particular importance is the type of locality: rural or urban. In the case of an urban locality, buyers' desire to move is lower than in rural settlements where shops are rarer.

An assessment of the geographic dimension of the relevant market could lead to the conclusion that markets overlap, and therefore lead to a substitution chain, which can be evaluated as the integration of local markets into wider regional or even national markets. As a rule, consumers are shopping at a local level, although it is of great importance: the type of goods (short distance for cheap goods and a longer distance for more expensive goods), shopping opportunities (short distances for daily food and longer distances for weekly shopping), how to travel (by foot or by car), type of location (urban or rural). A problem that is characteristic of chain stores with national coverage, refers to the geographic dimension of the market where businesses compete and which is the impact on consumers. Although network shops, as a rule, have a uniform policy across the territory, there may be a number of variables characteristic of certain areas:

- Number and type of promotions and special offers;
- Amount of advertising;
- Assortment, availability and quality of products;
- Pre-sale and post-sale services;
- Shop layout (renovation decisions);
- Shop facilities (parking, ATM, café, currency exchange, etc.);
- Work schedule (opening and closing time).

Thus, through the above-mentioned variables, the store networks adapt their activity to the local competition conditions, moreover, even if the supply chain stores are largely uniform, the prices of the shops in the same network vary in different localities, being rather a reflection of competition at local level than national.

At a geographical level, the retail market is basically of a local nature, as consumers are reluctant to travel long enough to visit the shops. A major exception, which can not be neglected, is online retailing that provides home delivery service so that the consumer is not required to physically visit the store.

In the case of the purchase of products by shops for their subsequent marketing, the geographic size of the relevant market is rather national. The trader can purchase the necessary products from any supplier, taking into account his economic interests and commercial policy.

The international experience of determining the size of the product and the geographical dimension of the relevant market in retail trade is very varied:

- In the case of the merger of „WholeFoods” and „Oats Wild” examined by the US FTC in 2007, it was considered to have merged natural and organic premium supermarkets, thus making a clear distinction depending on the products marketed;
- In the United Kingdom, trader-relevant markets have been broken down based on store sizes (large, medium, small);
- In France all supermarkets are included in the category of „general food stores”, specialized stores and street dealers are excluded.

Both in the UK and France, there is a clear understanding of the asymmetry of the hypermarkets in relation to supermarkets, on the supermarket market, but not vice versa on the hypermarket market. A similar asymmetry exists between small shops and supermarkets. Thus, from the point of view of small shops the supermarket is competing, but from the point of view of the supermarket small shops are not perceived as competitors.

For geographic delineation of the relevant market, the term „catchment area” is used, which is evaluated by determining the distance or travel time to the store. In Europe the catchment area of a hypermarket varies around 20-30 minutes (or within 20-30 km) for medium-sized stores, from 10 minutes up to 30 minutes - depending on the country. In the US, distances are expressed in miles and represent 3-4 miles for supermarkets and 5-6 miles for premium natural and organic supermarkets [6, p. 22].

The geographic area formed as a result of traveling at a certain distance or at a particular walking distance from a shop is called accordingly, „isochrone” and „isodistance”, and is the geographical size of the relevant market under consideration. The geographical perimeter of the retail market is defined by the travel time between the central point and the outer boundary of the area. The isochronous radius of the store differs, but usually depends on the size of the city. In the European Union, based on retail studies, the travel time accepted by the buyer was established:

- 15 minutes for big cities;
- 20 minutes for medium and small cities;
- 25 minutes for a rural area [10, p. 70].

The European Commission, by decision of COMP / M.5790 on the economic concentration of 28.06.2010 in the case of Lidl / Plus Romania / Plus Bulgaria, has established that the geographical dimension of Romanian retail market is local. The decision was based on the answers received from the market. The majority of respondents noted that the distance traveled by consumers to reach a retail store is no more than 30 minutes by car.

In the case of the economic concentration by which „Auchan Romania” SA took control over 20 „Real” stores belonging to „Hipermarket Romania” SRL, it was found that, except for the town of Bucharest, the cities where there were overlaps between the parties involved in the notified operation were fully covered within 30 minute by car.

Moreover, in the case of these cities, the „catchment area” comprise also the nearby localities. Therefore, in the case of the province, in order to determine the geographic market, the cities where the target stores were located, as well as the nearby localities included in the 30 minute „catchment area”, were taken into account.

With regard to Bucharest, the relevant geographic market was defined as the distance covered in a maximum of 20 minutes by car, starting from Real stores purchased, based on the following considerations: - The majority of Real customers are willing to travel for a maximum of 20 minutes with the car to reach a Real store; - the overlapping of the „catchment areas” traced around the Real stores in Bucharest, corresponding to a 20-minute driving distance, is not significant in order to extend the geographical market for the whole Bucharest city [1, p. 10].

Depending on the location and type of the store, Cambridge Econometric researchers and the European Commission report on the economic impact of food retail trade regarding the demand and innovation in the EU have identified the maximum travel time. The maximum driving time of consumers to make purchases depending on the location of the buyers and the type of the shop is shown in Table 1.

**Table 1. Maximum driving time of consumers to make purchases depending on the location of the buyers and the type of the shop**

Type of shop	Predominantly urban	Intermediate	Predominantly rural
Hypermarket	10 min	15 min	20 min
Supermarket	5 min	7.5 min	10 min
Discounter	5 min	7.5 min	10 min

Source: The economic impact of modern retail on choice and innovation in the EU food sector. Final report. Cambridge Econometrics Ltd. Arcadia International, November 2014, p. 83

For the Republic of Moldova, the relevant product market in retail trade is **retail services**, and taking into account the combination of "*Price - Quality - Assortment - Services*" it may be delineated, according to the provisions of the Government Decision (no. 931 of 08.12.2011) on the development of retail trade, in the following categories:

- Small shops, commercial area up to 250 m<sup>2</sup>;
- Medium stores, the commercial area from 250 m<sup>2</sup> to 2000 m<sup>2</sup>;
- Large shops with a shopping area of more than 2000 m<sup>2</sup>.

The geographical delimitation of the retail trade relevant market based on the isochrone (maximum travel time), taking into account the European experience, can be as follows:

**Table 2. The maximum time for the buyer to purchase, depending on the location of the buyer and the type of store**

Type of shop	Big cities	Small and medium cities	Rural localities
Big Stores	15 min	20 min	30 min
Average stores	10 min	15 min	25 min
Small shops	5 min	10 min	20 min

Source: written by authors

## II. Evaluation of competition in retail trade on the basis of indicators

The development of the competition assessment methodology also involves the identification of indicators with economic content on which appropriate conclusions can be drawn regarding the



level of competition in the sector. The evaluation of competition in the retail sector contributes to creating a clear vision of the competitive environment, the commercial strategies adopted, the role of public authorities and ultimately the impact on consumer welfare.

The indicators for the evaluation of the competition in trade can be grouped in the following categories:

- Indicators regarding the structure and size of the market at a given moment;
- Indicators of the degree of market concentration;
- Profitability indicators;
- Specific indicators for the evaluation of competition in trade.

### *2.1. Indicators covering the structure and size of the market at a given time*

After determining the relevant market for the commercial unit under review, it is necessary to assess the structure of the market with the identification of all competitors operating in the given isochrone. Stores belonging to the same owner should be considered as unique objects, since they are located in the same geographical area and are unlikely to adhere to another commercial policy. Time as an element of size and market structure determination is important due to the dynamic nature of markets and the conclusions that can be done due to comparative analysis:

- a) The *structure of the retail market* may be evaluated depending on the commercial area owned by competing enterprises within the isochrone and type of business.
- b) The *size of the market* is reflected by the turnover generated by the competing commercial enterprises within the geographic boundaries of the relevant market.

### *2.2. Indicators of the degree of market concentration*

Economic theory indicates a direct link between the degree of market concentration and the performance of businesses in the market. At the same time, the provisions of competition law lay down certain thresholds for the market shares of the undertakings involved.

#### *a.) Concentration rate (CR)*

It represents the sum of market shares of the largest players in the market. In general, it includes a small number of 3-5 enterprises to highlight the oligopolistic nature of the market (a small number of enterprises control a significant part of the market).

The concentration rate is calculated according to the formula:

$$CR_n = \sum_{i=1}^n q_i \quad (1)$$

where:

n - the number of first players taken into account, usually 3, 4 or 5;

$q_i$  - market share of the enterprise  $i$ .

The concentration ratio is simple to calculate but this index does not reflect the economic essence of the market structure, not being sensitive to the qualitative aspects of the market structure.

#### *b.) Herfindahl - Hirschman Index (HHI)*

It is the sum of the squares of the market shares of all the enterprises in the market. Therefore, greater importance is given to enterprises with a larger market share. This indicator is the most

used by competition authorities, although there are no unanimously accepted levels for qualification as: weakly concentrated market, medium concentrated market and highly concentrated market.

The Herfindahl - Hirschman index is calculated according to the formula:

$$HHI = \sum_{i=1}^n q_i^2 \quad (2)$$

where:

n - number of competing enterprises;

$q_i$  - market share of the enterprise  $i$ .

Levels of the Herfindahl - Hirschman Index are shown in Table 3.

**Table 3. Levels of the Herfindahl - Hirschman Index**

Degree of concentration	HHI value	
	European Commission	FTC (SUA)
Reduced	< 1000	< 1500
Average	1000-2000	1500-2500
High	>2000	>2500

Source: Romanian Competitive Environment - Evolution in the Essential Sectors. Bucharest, 2011, p. 108

### c.) Hall - Tideman Index (HTI)

As in the case of HHI, the Hall - Tideman Index measures the market shares of all market entrants but, unlike it, gives great importance to companies with a low market share. Its value is subunitary, being equal to 1 for the monopoly market. It is useful when, although enterprises with large market shares are present on the market, the market is heavily influenced by companies with low market shares.

In the case of the Moldovan retail trade, there is a high degree of probability that small commercial enterprises will have an important influence on the isochrone-dimensioned market.

The IndexHall-Tideman index is calculated by formula:

$$HTI = \frac{1}{2 \sum_{i=1}^n R q_i - 1} \quad (3)$$

where:

n - number of competing enterprises;

R - the position of the enterprise in relation to the size of its share on the market under scrutiny (the largest enterprise is in position 1)

$q_i$  - market share of the enterprise  $i$ .

### 2.3. Profitability indicators

Profitability indicators may signal the presence or absence of competition in a market, but only when compared to a well-established benchmark. This level may be the profitability of a similar market, but geographically distinct from the analyzed market. Comparability of the sector-wide profitability data of the national economy can also be used. The analysis of the changes in

profitability over time allows the identification of signals on intensifying or reducing competition on the market.

At the same time, it is necessary to mention that the analysis of the profitability of the enterprises on the market without taking into account the growth of the market will be insufficient. Knowing the rhythm of market growth is necessary to appreciate the growth of the company's profitability without affecting the interests of competitors. Thus, increasing the profitability of the enterprise due to market growth does not characterize the intensity of competition on the market and is to be deducted.

#### 2.4. Specific indicators for the evaluation of competition in trade

a) *The substitution rate (RS)* reflects the level of substitution of commercial services provided by some stores in other stores, taking into account the combination of „Price - Quality - Assortment – Services” factors. The substitution rate can be determined by a poll, asking for the consumer's answer to the question: "What store would you go shopping if the store was closed?" Or by market research, analyzing the factors „Price - Quality - Assortment – Services”. The analysis of „Price - Quality - Assortment – Services” starts from the splitting of competing enterprises into groups. Each trader can be valued with a certain number of points for each of the factors: price, quality, assortment and services. The arithmetic mean of accumulated points reflects the degree of substitution of commercial services provided by stores.

#### b) *Intensity of substitution competition (IRS)*

The high degree of substitution of store shopping services stimulates competition. As the variation in substitution rates is lower, the intensity of competition is higher.

The intensity of the competition by substitution is calculated according to the formula:

$$I_{RS} = 1 - \sqrt{\frac{\sum_{i=1}^n (RS_i - \overline{RS})^2}{n}} \quad (4)$$

where:

n - number of competing enterprises;

RS - replacement rate.

#### c) *Intensity of competition through concentration (IHHI)*

The structure of the market influences the behavior of the enterprises on the market, and especially the competitive strategy of the enterprises. A high degree of market concentration is not seen as beneficial to competition, but a low or medium degree of market concentration stimulates competitive business behavior.

The intensity of competition by concentration is calculated according to the formula:

$$I_{HHI} = 1 - \frac{HHI}{1000} \quad (5)$$

where:

HHI - Herfindahl - Hirschman Index.

#### d) *Intensity of competition through profitability (I<sub>R</sub>)*

Effective competition among traders leads to lower prices for consumers, thus affecting the profitability of the shops. On the other hand, the trader's profitability is also influenced by the bargaining power with its suppliers. High profitability shows signs of market power for the trader and low competitive pressure. As previously mentioned in the assessment of the level of profitability, it is necessary to take account of economic trends.

The intensity of competition through profitability is calculated according to the formula:

$$I_R = 1 - \bar{R} \quad (6)$$

where:

R - the average profitability rate for traders in isochrone.

e) *The Integrated Competition Intensity Index (IC)*

Evaluation of competition in retail is made on the basis of an integrated indicator of the intensity of competition determined by the geometric mean of the Intensity of Competition through substitution, the Intensity of Concentration Competition and Competition Intensity through Profitability.

The integrated intensity index is calculated according to the formula:

$$I_C = \sqrt[3]{I_{RS} * I_{HHI} * I_R} \quad (7)$$

The 1-point approximation of the Integrated Competition Intensity Index indicates an acute competition in the retail market.

## 5. Conclusions

The assessment of competition in trade differs from the same operation in other sectors of the economy. Although the basic steps are the same, the complexity of this area requires additional efforts to do this. For retail trade, it is not the goods displayed for sale that forms the product market but the commercial service characterized by the combination „Price-Quality-Assortment-Services”. The size of the geographic market is estimated on the basis of isochrone, which varies depending on the type of store and the location of consumers.

Competition rating based on the *Integrated Competition Intensity Index* leads to a clear vision of competitors' rivalry on the market and may be a starting point for decision-making by both traders and public authorities.

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#### **Rezumat**

*Într-o economie de piață modernă, caracterizată de instabilitatea mediului extern și intern, în mod obiectiv se impune dezvoltarea a noi abordări și mecanisme de dezvoltare a comerțului cu amănuntul. Un nivel ridicat al competitivității este unul dintre principalii indicatori ai succesului oricărei entități economice. Competitivitatea poate fi caracterizată ca fiind capacitatea foarte eficientă a unei întreprinderi de a domina piața pentru producția și vânzarea anumitor bunuri și servicii și abilitatea acesteia de a suprima concurența altor producători implicați în activități similare. Concurența în comerțul cu amănuntul, fiind una dintre componentele importante ale mediului extern, are un impact semnificativ asupra eficienței întreprinderilor comerciale, nivelului profitului, strategiei de dezvoltare. În prezent, problemele de evaluare a nivelului concurenței în domeniul comerțului cu amănuntul în Moldova nu au fost suficient studiate, nu a fost elaborată o metodologie de calculare a nivelului concurenței, precum și criteriile de evaluare. Tehnicile disponibile nu iau în considerare pe deplin specificul funcționării întreprinderilor cu amănuntul. Se poate afirma că până în prezent, în ceea ce privește evaluarea competitivității produselor, s-au realizat anumite progrese, s-au elaborat metode destul de acceptabile pentru evaluarea competitivității produselor și serviciilor identice. Situația este mai complicată cu evaluarea competitivității întreprinderilor. În ciuda faptului că au fost luate și sunt luate anumite măsuri în această direcție de către economiști, nu a fost încă elaborată o metodă universală și general acceptată de evaluare economică integrată a competitivității întreprinderilor din sfera comerțului. Din aceste considerente, articolul descrie mai multe tehnici de evaluare a competitivității unei entități economice din sfera comerțului, ceea ce va permite o analiză calitativă a pozițiilor competitive specifice.*

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**Cuvinte-cheie:** comerț cu amănuntul, concurență, piață relevantă, evaluarea concurenței

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#### **Аннотация**

*В современной рыночной экономике, характеризующейся нестабильностью внешней и внутренней среды, объективно необходимо разработать новые подходы и механизмы для развития розничной торговли. Высокий уровень конкурентоспособности является одним из основных показателей успеха любого хозяйствующего субъекта. Конкурентоспособность может быть охарактеризована как эффективная способность предприятия доминировать на рынке производства и продажи определенных товаров и услуг и подавлять конкуренцию со стороны других производителей, участвующих в аналогичных видах деятельности. Конкуренция в розничной торговле является одной из важных составляющих. Внешняя среда оказывает существенное влияние на эффективность работы коммерческих предприятий, уровень прибыли, стратегию развития. В настоящее время проблемы оценки уровня конкуренции в розничной торговле в Молдове недостаточно изучены, методология расчета уровня конкуренции и критерии оценки не разработаны. Доступные методики не в полной мере учитывают специфику работы розничного бизнеса.*

*Необходимо отметить, что до сих пор был достигнут некоторый прогресс в оценке конкурентоспособности продукции, были разработаны вполне приемлемые методы для оценки конкурентоспособности идентичных продуктов и услуг. Ситуация сложнее с оценкой конкурентоспособности коммерческих предприятий. Несмотря на то, что некоторые меры были приняты и предпринимаются в этом направлении экономистами, универсальный и общепринятый метод комплексной экономической оценки конкурентоспособности торговых предприятий еще не разработан. По этим причинам в статье описано несколько методик оценки конкурентоспособности хозяйствующего субъекта в сфере торговли, что позволит качественно проанализировать конкретные конкурентные позиции.*

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**Ключевые слова:** розничная торговля, конкуренция, релевантный рынок, оценка конкуренции

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